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been such a bar to progress. The only advance in matters of taxation is the definite provision for excise and franchise taxes, for taxes upon the production of minerals, and for graduated taxes upon incomes and inheritances.

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Die Neuordnung der direkten Staatssteuern in Preussen. By G. STRUTZ. (Berlin: Carl Heymanns Verlag. 1912. Pp. 252. 5 m.)

The enormous military and naval expenditure of Germany has brought the problems of taxation and revenue to the forefront of economic investigation in the Fatherland. The very large outlays for the navy in particular, occasioned by the naval rivalry with Great Britain, have made it necessary to tap new sources of revenue; and, in general, to increase the burden of taxation. Because of this, the entire scheme of imperial finance was substantially altered in 1909-1910; and this reorganization had its effect on the several states of the Empire. The best account of the movement for tax reform is found in *Die Reichsfinanzreform: Ein Führer*, which consists of a series of papers by leading public officials, and which were published by the Vereinigung für Förderung der Reichsfinanzreform, in 1909. Innumerable other books and pamphlets on this burning question have been issued; among them, in 1912, the present volume by Dr. Strutz who discusses in detail the changes in direct taxation in Prussia which have now become an accomplished fact.

In Germany, as in all federal states, the fiscal problem is threefold; for it must deal with national, state, and local finance. Therefore, although the great imperial reforms of 1909-1910 deal with federal finance they also intimately concern each state and municipality. It is from the point of view of Prussian finance that Dr. Strutz considers the situation.

It was essential, in order to meet the growing demands upon the imperial exchequer, that the federal authorities should raise some 500 million marks. After much discussion and investigation it was decided to raise 475 million marks by indirect taxation and the remainder by an additional direct contribution from each state. The imperial government also attempted to put through a federal inheritance tax measure; but the proposal met with such bitter opposition from the large landowners that

it was impossible of accomplishment. This led to the resignation of the Chancellor. The imperial government, however, for the future, was to receive three fourths of the proceeds arising from the inheritance tax in each state, instead of two thirds only, as had hitherto been the case.

In the Prussian reforms of 1891-1893 a modernized income tax was adopted in lieu of the old tax on produce. This was supplemented by a light tax on property, which was designed to give, in some measure, preferential treatment to earned as against unearned incomes. That state also adopted a direct tax on collateral inheritance in place of the old probate fees. The rates varied according to the degree of relationship. Many other states adopted this tax; but in 1906 the imperial government decided to appropriate for federal purposes two thirds of the proceeds; which, as has been noted, was increased in 1910 to three fourths of the net yield.

The most striking change, however, occurs in connection with the tax on the unearned increment of land. Of the proceeds of this tax, 50 per cent flows into the imperial exchequer; 40 per cent is retained by the local governments; and 10 per cent is kept by each state to meet the cost of collection. This tax displaces all local levies on the unearned increment which have been made by some 4,500 German municipalities since it was first adopted by Frankfort in 1904. The unique experiment undertaken in the German colony of Kiauchau in 1898, whereby a tax on the unearned increment values of land was established, undoubtedly influenced the German municipalities in formulating their program. All these direct taxes, especially those on incomes, inheritances and land values, are admirably analyzed and given their relative weight in the Prussian system of taxation, by Dr. Strutz. His study is clear, concise, and thorough. The work, however, suffers because of the lack of an index and an adequate topical analysis.

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Das internationale Finanzrecht. By GUSTAV LIPPERT. (Triest: F. H. Schimpff. 1912. Pp. 1150.)

Dr. Lippert has undertaken a new enterprise, a systematic statement of the existing practice of states in matters affecting international financial relations, together with a scientific study of the